

## DEPARTMENT OF HEALTH SERVICES

714/744 P STREET  
ACRAMENTO, CA 95814

(916) 324-4950



December 4, 1984

To: All County Welfare Directors  
County Administrative Officers

Letter No. 84- 53

JANUARY 1985 SOCIAL SECURITY TITLE II AND TITLE XVI COST OF LIVING  
ADJUSTMENTS (COLA) AND MEDICARE PREMIUM INCREASE

This letter is to provide you with the following:

- o Medicare Part B premium increase.
- o Instructions on computing the January 1985 COLA in Title II (Old Age, Survivors and Disability Insurance) benefits.
- o 1985 SSI/SSP cash grant levels.

Medicare Premium Increase

The Medicare Part B premium basic rate will increase to \$15.50 effective January 1, 1985.

Title II OASDI COLA

The Social Security Administration (SSA) has advised us that effective January 1, 1985 the COLA increase for Title II benefits is 3.5 percent. This percentage increase applies across the board to almost all Title II beneficiaries. Therefore, in all Medi-Cal-Only cases with Title II income, the current benefit amount should be multiplied by 1.035 to compute the new benefit amount.

For individuals who do not pay Medicare Part B premiums either because they are not eligible for it or they are entitled to Buy-In (in which case the state pays the Medicare Part B premium), the new benefit amount is rounded down to the nearest dollar. This will produce the Title II amount to be used in SOC determinations for January 1985 and subsequent months. (Example: current benefit amount is \$195.00; multiplying by 1.035 equals \$201.82, dropping to the next lowest increment of \$1.00 produces \$201.00 as the January 1985 benefit amount.)

For individuals who pay their own Medicare Part B premium (not currently on Buy-In) a two-step rounding down process must be followed to determine the new benefit amount. First, after the current gross benefit amount has been multiplied by 1.035, any cents remaining are dropped to the next lowest increment of \$.10. Second, the Medicare Part B premium is subtracted as a health insurance deduction and the remainder rounded down to the nearest \$1.00. This will produce the net benefit amount used to compute the share of cost in January, 1985. (Example: the current December check amount is \$335.00. Add ~~\$~~14.60 Part B premium for a gross benefit amount of \$349.60; multiplying by 1.035 equals \$361.83, dropping to the next lowest increment of \$.10 produces \$361.80. This is the new gross amount to be used in column one of the MC 176M. The new Medicare Part B premium of \$15.50 is then subtracted from \$361.80 producing \$346.30 which is rounded down to \$346.00. This will be the January 1985 net benefit amount used to compute that month's share of cost in column three of the MC 176M).

It should be noted as in previous COLAs, the SSA applies the COLA increase to the actual, rather than the rounded benefit amount. This may result in a \$1.00 discrepancy in the Title II benefits for some beneficiaries and a \$1.00 understated share of cost.

In order to avoid the unnecessary expense of recomputing every Title II case subsequently identified as having an incorrect share of cost solely due to the COLA adjustment, counties are authorized instead to correct the share of cost the next time the budget is recomputed, when an income change is reported, or at the annual redetermination. Quality control errors will not be cited by Quality Control staff when the discrepancy between the budgeted income amount and the actual income received from Social Security by the beneficiary is less than \$5.00.

The Notice of Action you use should advise the beneficiary to contact the eligibility worker if the amount of Title II income computed by the county is different from the amount actually received in the January, 1985 check.

All cases with Title II income, including AFDC Medically Needy cases which contain Social Security Survivors Benefits, shall have the share of cost adjusted effective January 1, 1985. In the past, Title II COLAs have been a source of federal quality control (QC) errors.

#### SSI/SSP Payment Levels

The SSI/SSP payment levels in effect from January 1, 1985 through December 31, 1985 are provided on the attached chart. The county should use these figures in allocating income to or from the SSI/SSP recipient and the Medi-Cal MFBU effective January 1, 1985. These budget computations should be performed at the same time the Title II COLAs are being processed.

If you have any questions, please contact Vivian Gannon at (916) 324-4966, ATSS 454-4966.

Sincerely,

Original signed by

Barbara Hooku for  
Doris Z. Soderberg, Chief  
Medi-Cal Eligibility Branch

Attachment

cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants

db842vg

SSI/SSP Payment Standards  
January 1, 1985 - December 31, 1985

SSI/SSP

	Independent Living Arrangement			Household Of Another			Independent Living Arrangement w/o Cooking Facilities			Non-Medical Board and Care <sup>a/</sup>		
	Total	SSI	SSP	Total	SSI	SSP	Total	SSI	SSP	Total	SSI	SSP
<b>INDIVIDUAL:</b>												
Aged or Disabled	504.00	325.00	179.00	395.67	216.67	179.00	558.00	325.00	233.00	569.00	325.00	244.00
Blind	565.00	325.00	240.00	456.67	216.67	240.00	.....	.....	.....	569.00	325.00	244.00
Disabled Minor	399.00	325.00	74.00	290.67	216.67	74.00	.....	.....	.....	569.00	325.00	244.00
<b>COUPLE:</b>												
Aged or Disabled												
- per couple	936.00	488.00	448.00	773.34	325.34	448.00	1045.00	488.00	557.00	1138.00	488.00	650.00
- per person	468.00	244.00	224.00	386.67	162.67	224.00	522.50	244.00	278.50	569.00	244.00	325.00
Blind												
- per couple	1099.00	488.00	611.00	936.34	325.34	611.00	.....	.....	.....	1138.00	488.00	650.00
- per person	549.50	244.00	305.50	468.17	162.67	305.50	.....	.....	.....	569.00	244.00	325.00
Blind/Aged or Disabled												
- per couple	1037.00	488.00	549.00	874.34	325.34	549.00	.....	.....	.....	1138.00	488.00	650.00
- per person	518.50	244.00	274.50	437.17	162.67	274.50	.....	.....	.....	569.00	244.00	325.00

a/	Non-Medical Board and Care		Minimum	Maximum
	Total	SSP		
Total .....	569		569	
Board and Room .....	243		243	
Care and Supervision .....	209		260	
Personnel and Incidental Needs .....	117		66	